1941

EIGHTY-EIGHTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1941

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Burlington Route

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CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term expires 1942

EDWARD FLYNN ..... CHICAGO
JAMES CHARLES JAMES ..... CHICAGO
WALLACE C. WINTER ..... CHICAGO

Term expires 1943

†HINCKLEY G. ATWOOD ..... CHICAGO
CHARLES I. STURGIS ..... CHICAGO

Term expires 1944

RALPH BUDD ..... CHICAGO
CHARLES E. DENNEY ..... ST. PAUL
FRANK J. GAVIN ..... ST. PAUL

Term expires 1945

*ARTHUR CURTISS JAMES .. NEW YORK
GRENVILLE KANE ..... NEW YORK
R. DOUGLAS STUART ..... CHICAGO

†Deceased June 27, 1941.

*Deceased June 4, 1941.

EXECUTIVE COMMITTEE

RALPH BUDD ..... CHAIRMAN

CHARLES E. DENNEY
EDWARD FLYNN
FRANK J. GAVIN
JAMES CHARLES JAMES
GRENVILLE KANE
WALLACE C. WINTER

GENERAL OFFICERS

RALPH BUDD ..... *President, Chicago*
EDWARD FLYNN ..... *Executive Vice President, Chicago*
LAWRENCE R. CAPRON ..... *Vice President, Chicago*
JAMES CHARLES JAMES .... *Vice President and General Counsel, Chicago*
HERBERT W. JOHNSON ..... *Vice President and Comptroller, Chicago*
THOMAS J. THOMAS ..... *Assistant to President, Chicago*
HARRY C. MURPHY ..... *Assistant Vice President, Chicago*
BERT VICKERY ..... *Treasurer and Assistant Secretary, Chicago*
EDITH JARVIS ALDEN ..... *Secretary, Assistant Treasurer, and Transfer*
ARTHUR D. McLANE ..... *Assistant Secretary, Chicago* *Agent, Chicago*
WALTER McFARLAND ..... *Assistant General Counsel, Chicago*
ELDON M. MARTIN ..... *General Solicitor, Chicago*
SHIRLEY L. PORTER ..... *General Auditor, Chicago*
FRANK T. DARROW ..... *Chief Engineer, Chicago*
WILLIAM W. HENDERSON .. *Transfer Agent, Chicago*

NICHOLAS STOCKHAMMER, HARRY F. SMITH ..... *Fiscal Agents, 2 Wall Street, New York*

WILLIAM H. VANDERCAR, *JAMES B. REEVE ..... *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston, Mass.*

The above were Directors and Officers as of December 31, 1941.

*Appointed January 23, 1942.

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1941:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1941	RAILWAY OPERATING REVENUES	1940	Percent of Ry. Oper. Revenue
80.74	$ 94,874,258.93	Freight	$ 78,198,344.31	80.10
9.10	10,697,249.84	Passenger	8,964,197.33	9.18
4.00	4,703,751.25	Mail	4,305,829.95	4.41
1.51	1,770,275.02	Express	1,573,992.96	1.61
2.42	2,849,668.05	All other transportation	2,482,651.41	2.54
1.81	2,127,934.76	Incidental	1,701,781.51	1.74
.42	498,217.44	Joint facility	404,444.66	.42
100.00	$117,521,355.29	Total railway operating revenues	$ 97,631,242.13	100.00
		RAILWAY OPERATING EXPENSES		
14.43	$ 16,959,394.20	Maintenance of way and structures	$ 13,353,278.62	13.68
16.86	19,816,531.31	Maintenance of equipment	16,783,688.37	17.19
2.53	2,974,810.18	Traffic	2,915,181.15	2.99
33.64	39,526,885.80	Transportation	35,277,423.20	36.13
1.18	1,390,991.15	Miscellaneous operations	1,183,743.22	1.21
2.23	2,621,734.43	General	2,540,156.88	2.60
Cr. .20	Cr. 242,421.90	Transportation for Investment—Credit	Cr. 199,598.74	Cr. .20
70.67	$ 83,047,925.17	Total railway operating expenses	$ 71,853,872.70	73.60
29.33	$ 34,473,430.12	Net revenue from railway operations	$ 25,777,369.43	26.40
.....	$ 11,900,409.78	Railway tax accruals	$ 8,697,632.09	.....
.....	$ 22,573,020.34	Railway operating income	$ 17,079,737.34	.....
.....	Dr. 1,312,962.55	Hire of equipment—Net	Dr. 1,952,935.34	.....
.....	Dr. 2,125,052.74	Joint facility rents—Net	Dr. 2,044,024.34	.....
.....	$ 19,135,005.05	Net railway operating income	$ 13,082,777.66	.....
		OTHER INCOME		
.....	$ 784,668.63	Miscellaneous rent income	$ 761,538.83	.....
.....	411,479.61	Dividends and miscellaneous interest	290,847.53	.....
.....	26,973.74	Miscellaneous income	18,145.37	.....
.....	$ 1,223,121.98	Total other income	$ 1,070,531.73	.....
.....	$ 20,358,127.03	Total income	$ 14,153,309.39	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	$ 93,658.12	Miscellaneous rents	$ 95,946.62	.....
.....	28,078.24	Separately operated properties—Loss	.....	.....
.....	6,791.07	Miscellaneous income charges	6,347.36	.....
.....	$ 128,527.43	Total miscellaneous deductions	$ 102,293.98	.....
.....	$ 20,229,599.60	Income available for fixed charges	$ 14,051,015.41	.....
		FIXED CHARGES		
.....	$ 89,478.25	Rent for leased roads and equipment	$ 81,142.87	.....
.....	9,334,464.76	Interest on funded debt	9,320,917.78	.....
.....	235,443.09	Interest on unfunded debt	104,033.95	.....
.....	151,071.85	Amortization of discount on funded debt	152,056.94	.....
.....	$ 9,810,457.95	Total fixed charges	$ 9,658,151.54	.....
.....	$ 10,419,141.65	Income after fixed charges	$ 4,392,863.87	.....
		DISPOSITION OF NET INCOME		
.....	$ 3,416,774.00	Dividend appropriations of income	$ 3,416,774.00	.....
.....	$ 7,002,367.65	Income balance transferred to profit and loss	$ 976,089.87	.....

No excess profits taxes accrued or were payable for years 1941 or 1940.

STATISTICS OF OPERATIONS

ITEMS	1941	1940
Average mileage of road operated	9,036.00	8,973.21
Actual miles road operated, end of year	9,100.75	8,958.00
TRAIN-MILES		
Freight	15,400,705	13,665,029
Passenger	14,181,656	13,926,122
Total transportation service	29,582,361	27,591,151
Work service	172,360	84,813
LOCOMOTIVE-MILES		
Freight	16,488,230	14,521,125
*Passenger	11,601,757	11,216,131
Train and yard switching	7,219,697	6,282,579
Total transportation service	35,309,684	32,019,835
Work service	558,196	447,213
CAR-MILES		
Loaded freight cars	493,645,361	412,811,564
Empty freight cars	269,546,614	244,186,427
Sum of loaded and empty	763,191,975	656,997,991
Caboose	15,715,248	13,850,768
Total freight cars	778,907,223	670,848,759
Coach and combination passenger cars	27,339,822	26,599,828
Sleeping and parlor	23,267,184	22,663,860
Club, lounge, dining and observation	10,086,725	9,555,119
Other	37,569,352	34,878,287
Total passenger cars	98,263,083	93,697,094
Total transportation service	877,170,306	764,545,853
Work service	1,302,129	811,565
FREIGHT SERVICE		
Tons—revenue freight	38,121,460	31,014,014
Tons—revenue and non-revenue freight	43,902,216	35,963,508
Ton-miles—revenue freight	11,339,217,651	8,972,422,684
Ton-miles—revenue and non-revenue freight	12,992,857,200	10,320,364,400
PASSENGER SERVICE		
Passengers carried—revenue	8,544,569	8,184,716
Passenger miles—revenue	640,032,564	539,670,384

*Excludes mileage of combination motor passenger cars:

1941 — 2,852,109
1940 — 2,957,229

STATISTICS OF OPERATIONS—Continued

ITEMS	1941	1940
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,726	1,529
Passenger-train miles	1,962	1,878
Transportation service train-miles	3,274	3,075
Transportation service locomotive-miles	3,908	3,568
Freight service car-miles	87,318	75,049
Passenger service car-miles	13,596	12,633
Freight revenue	$10,635.71	$ 8,748.16
Passenger service train revenue	$ 2,428.13	$ 2,050.46
Operating revenues	$13,005.90	$10,880.30
" expenses	$ 9,190.78	$ 8,007.60
Net operating revenue	$ 3,815.12	$ 2,872.70
Net railway operating income	$ 2,117.64	$ 1,457.98
Ton-miles—revenue freight	1,271,163	1,003,758
" " —all freight	1,456,541	1,154,554
Passenger-miles—revenue	88,560	72,764
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	32.05	30.21
Empty freight car-miles	17.50	17.87
Ton-miles—revenue freight	736.27	656.60
" " —all freight	843.65	755.24
Passenger train car-miles	6.93	6.73
Revenue passenger-miles	45.13	38.75
Freight revenue	$ 6.16	$ 5.72
Passenger service train revenue	$ 1.24	$ 1.09
Operating revenues	$ 3.97	$ 3.54
Operating expenses	$ 2.81	$ 2.60
Net operating revenue	$ 1.16	$ .94
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	22.97	21.73
" " —all freight	26.32	25.00
Freight revenue	$ .19218	$ .18943
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	13.17	11.46
Passenger revenue	$ .22005	$ .19028
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	297.45	289.30
" " —non-revenue freight	286.06	272.34
" " —all freight	295.95	286.97
" carried—revenue passengers	74.91	65.94
Revenue per ton of freight	$ 2.48874	$ 2.52139
" " ton-mile of freight	$ .00837	$ .00872
" " passenger	$ 1.25194	$ 1.09524
" " passenger-mile	$ .01671	$ .01661
Operating ratio	70.67	73.60

OPERATING REVENUES:

Total Operating Revenues for 1941	$117,521,355	
Total Operating Revenues for 1940	97,631,242	
Increase	$ 19,890,113	20.37%

The increase was as follows:

Freight	$ 16,675,915	21.33%
Passenger	1,733,053	19.33%
Mail	397,921	9.24%
Express	196,282	12.47%
Other Transportation Revenue	367,016	14.78%
Demurrage	132,538	106.02%
Other Incidental Operating Revenues	387,388	19.55%
Total increase	$ 19,890,113	20.37%

FREIGHT:

Comparison by classes of commodities 1941 with 1940:

	1941 Revenue‡	Increase	1941 Tons	Increase
Products of Agriculture	$ 17,788,035	$ 2,831,686	6,683,988	651,786
Animals and Products	7,875,586	114,846*	1,396,599	20,038
Products of Mines	19,384,955	2,652,454	15,272,983	2,936,414
Products of Forests	6,668,672	1,825,449	2,288,345	598,764
Manufactures and Miscellaneous	43,517,216	10,426,032	11,807,290	2,677,588
Less Carload Freight	7,332,167	1,260,493	672,255	222,856
Total	$102,566,631	$18,881,268	38,121,460	7,107,446

*Decrease.

‡Gross freight revenue, stated without adjustment for absorptions or corrections.

Revenue tons carried, 1941	38,121,460	
Revenue tons carried, 1940	31,014,014	
Increase in 1941	7,107,446	22.92%
Revenue tons carried, 10-year average, 1932-1941	28,846,856	
Carloads—revenue freight (all commodities), 1941	1,181,449	
Carloads—revenue freight (all commodities), 1940	996,830	
Increase in 1941	184,619	18.52%
Carloads—revenue freight (all commodities), 10-year average, 1932-1941	931,688	

The 22.92% greater volume of freight traffic was handled with an increase of 12.70% in train miles.

The average revenue per ton mile decreased from .872 cent in 1940 to .837 cent in 1941, or 4.01%.

PASSENGER:

Passenger revenue in 1941 amounted to $10,697,250, an increase of $1,733,053, or 19.33% over 1940. $1,325,004, or 12.39% of the total, represents revenue accruing on government traffic. On other than com-

mutation traffic, the increase was 21.10%. The greater volume of traffic was handled with an increase in train miles of only 1.83%.

Exclusive of suburban traffic, number of revenue passengers carried increased 308,935, or 9.40%, whereas corresponding passenger miles increased 98,682,144, or 21.48%.

The average distance traveled per passenger increased from 139.8 miles in 1940 to 155.3 miles in 1941, an increase of 15.5 miles. Average revenue per passenger mile, exclusive of suburban commutation, was 1.77 cents in 1941 compared with 1.78 cents in 1940, indicating a continued trend in the lower fare coach travel.

Mail revenue in 1941 amounted to $4,703,751, an increase of 9.24% and Express $1,770,275, an increase of 12.47%.

RATE INCREASES:

To provide additional revenue with which to meet increases in wages and other costs, the railroads, on December 13, 1941, filed with the Interstate Commerce Commission an application seeking a 10% increase in freight rates and passenger fares. The Commission approved the increase in passenger fares, other than for army and navy personnel on furlough, effective February 10, 1942. The Commission also approved, effective March 18, 1942, an increase of 6% in freight rates on commodities other than Products of Agriculture, Animals and Products, and Products of Mines, on which commodities, with certain exceptions, an increase of 3% was granted. Based on 1941 traffic, the annual freight and passenger revenue increase at the new rates is estimated at $5,899,000.

OPERATING EXPENSES:

Gross revenue increased $19,890,113 or 20.37% over 1940. Total operating expenses increased $11,194,052 or 15.58%. Operating ratio decreased from 73.60 in 1940 to 70.67 in 1941.

2,243,535 new creosoted ties were placed in track. 55.4 miles of track were relaid with new 131-pound rail and 204.1 miles with new 112-pound rail. A normal program of ballasting and roadway maintenance was carried out. At the end of the year track and related facilities were in suitable condition for the traffic to be handled.

Transportation expenses increased $4,249,462 or 12.05%. The transportation ratio decreased from 36.13 in 1940 to 33.64 in 1941. Gross ton miles per train hour increased from 33,178 in 1940 to 35,158 in 1941, being the most favorable Burlington performance of record.

Rolling stock was adequately maintained.

WAGE INCREASES:

During the year railroad transportation labor organizations presented demands for a 30% increase in wages and other railroad labor organizations demanded an increase of 30 cents an hour. No agreement

having been reached, employes in both labor groups voted to strike, whereupon the President appointed an Emergency Fact-Finding Board in accordance with the terms of the National Railway Labor Act. This Board recommended a 7½% wage increase to transportation employes and an increase of 9 cents an hour to other organized employes. These recommendations were accepted by the railroads but were rejected by the employes and a strike of train, engine and yard service employes was called for December 7, 1941. The President reconvened the Fact-Finding Board which reaffirmed its former decision. However, the same personnel agreed to serve in the capacity of a Special Board of Mediation. As a result of mediation it was proposed that effective December 1, 1941, an increase of 9½ cents an hour be granted to transportation employes and 10 cents an hour with an additional provision for paid annual vacations to the other groups. Retroactive wage increases, for the period September 1, 1941, to November 30, 1941, were also proposed on the basis of 7½% to train, engine and yard employes and 9 cents an hour to the other organized groups. Rather than have traffic interrupted at such a critical time, these proposals were accepted by the railroads.

The estimated annual increased wage cost to Burlington, including payroll taxes, based on 1941 performance, is $8,043,000. The wage increase was retroactive to September 1, 1941, whereas the increased rates and fares, authorized by the Interstate Commerce Commission, did not become fully effective until March 18, 1942. During this interval wage increases of $3,673,069 were paid, which cannot be offset even in part by the increases in charges.

EXPENDITURES (Capital):

No new lines were constructed during the year.

Net increase in Capital Account during the year was as follows:

For road	Decrease	$ 3,198,359
For equipment	Increase	10,699,413
For general	Decrease	40,872
Net increase		$ 7,460,182

Abandonment of the branch line from Prague, Nebraska, to Schuyler, Nebraska, 18.67 miles, was authorized by the Interstate Commerce Commission. Capital credit, $726,649.

Retirement of sections of second main track, no longer required, and rearrangement of signals and switches in connection therewith, between Rio and Metropolis, Illinois, resulted in a net credit to Burlington capital account of $1,471,234.

Capital charges for improvement and replacement of bridges amounted to $236,199.

Grade crossing protection work started in 1940 at East Moline, Moline and Rock Island, Illinois, by the State of Illinois and four railroads, including the Burlington, was completed during the year. Prop-

erty retirements in connection with the new installation resulted in a credit to capital account of $11,539.

At Bucklin, Missouri, replacement of an overhead crossing and lowering and relocation of Burlington tracks and facilities, commenced in 1940, were completed. Capital charge in 1941, $18,995.

At Brookfield, Missouri, the grade separation at Main street and incident changes in Burlington track, station and yard facilities started in 1940 were 95% complete at end of 1941. The new station will be ready for service early in 1942. Cost of railroad facilities retired being in excess of new installations resulted in a credit to capital account of $29,033.

At Havelock, Nebraska, a 39′x60′ addition was made to present oil house and a journal box and oil reclamation plant was installed. Capital cost, $31,915.

At Havelock, Nebraska, a four-compartment brick and tile dry kiln 35′x125′ was built, and a canopy constructed between present dry kiln and mill building; also 35 new lumber trailers were purchased. Capital cost, $48,421.

At Gillette, Wyoming, a new well was drilled and is in use with temporary pumping equipment. Installation of permanent equipment and erection of an additional second-hand 100,000 gallon steel water tank will be completed in 1942. The work was 50% completed at a capital charge of $15,045 in 1941.

Line improvement near Haigler, Nebraska, resulted in saving 165 feet of distance and reducing curvature to one degree. Capital cost $44,000, of which $37,288 had been expended up to December 31, 1941.

At Dayman, Iowa, trackage and signals to serve the Iowa Ordnance Plant resulted in a capital cost of $50,047.

ADDITIONS TO EQUIPMENT:

New Rolling Stock Delivered in 1941:

4— 360 h.p. Diesel-electric switchers.
6— 600 h.p. Diesel-electric switchers.
15—1,000 h.p. Diesel-electric switchers.
4—2,000 h.p. Diesel-electric passenger locomotives.
250—40′8″ 70-ton ballast cars.
1—Van Dorn "pendulum" type passenger car.

Built in Company Shops:

4—Passenger trailer cars.
1,938—40′6″ 50-ton steel-sheathed box cars, 75 of which were equipped for passenger train service.
555—50′6″ 50-ton steel-sheathed box cars, 100 with end doors.
225—50′6″ 50-ton steel-sheathed automobile cars, equipped with loading devices.
200—34′3″ 55-ton steel hopper cars.

New Equipment to Be Built in 1942:

Outside Shops:

300—Refrigerator cars.

Company Shops:

1,806—40'6" 50-ton steel-sheathed box cars.
520—50'6" 50-ton steel-sheathed box cars.
175—50'6" 50-ton steel-sheathed automobile cars.
50—29'3" 70-ton all steel covered hopper cars.
100—65'6" 70-ton steel mill type cars.
250—34'3" 55-ton steel hopper cars.
400—53'6" 50-ton steel flat cars.
200—40'6" 40-ton steel frame stock cars.
250—40'8" 70-ton steel ballast cars.
1—Mechanical instruction car.

PRODUCE TERMINALS:

The work started on the new produce terminal at Kansas City, Missouri, in 1940 was completed in 1941. This is jointly owned by Burlington, Missouri Pacific, Santa Fe and Rock Island. Burlington proportion of investment cost, $258,748.

INDUSTRIAL:

During the year 192 new industrial leases were executed covering railroad property and there were 154 cancellations, leaving a net of 38 new industrial leases on railroad property. In addition, 42 new industries were located on private property served by Burlington tracks, six of these being government projects, the permanence of which is doubtful; 23 new industries made additions to existing plants and 23 new industries were located on terminal trackage. Thirty-one new industry tracks and extensions to existing tracks were built and one temporary track for a contractor was installed.

Burlington continued to cooperate to the fullest extent in furthering the National Defense and War effort.

AGRICULTURE:

1941 was a better year for agriculture than 1940. In states served by Burlington, wheat production increased 51,301,000 bushels, 12.9% over the previous year. Other increases were corn, 8.5%; soybeans, 34.7%; barley, 16.5%. Sugar beets, due largely to government acreage restrictions, decreased 14.7%, potatoes declined 7.2%, and oats 10.1%. Hay and forage crops were unusually good and provided adequate feed for increased herds and flocks. Farm income from crops and livestock in

states served by the Burlington increased $1,271,017,000, or 35.7%. However, government payments to these farmers declined $111,381,000, providing total farm income of $5,099,872,000, an increase of 29.4% over 1940. New loans to farmers from all government agencies declined, and outstanding loans decreased $45,779,727, or 2.9%.

Development of irrigation by the federal government in Burlington Lines' states continued, although on a reduced scale. Five principal projects have been allotted $6,289,000 for construction during the coming year.

Due to government acreage restrictions and unfavorable weather conditions in some states during the planting season, fall wheat sown in states served by Burlington Lines for harvest in 1942 decreased 4,402,000 acres, 15.9%. However, condition at close of the year was very good, being 86.5%, compared with 82.7% at the close of 1940, and a ten-year average (1930-1939) condition of 70.4%. Wheat estimated to be in storage on farms and in interior mills and elevators increased 58,605,000 bushels, 27.5%. Corn stored on farms increased 112,817,000 bushels, 9.3%. Moisture conditions throughout the territory are good. Prospects are for increased sugar beet production due to lifting of acreage restrictions by the Department of Agriculture. At the close of the year cattle on farms had increased 4.6%, sheep 4.7%, swine 18.3%, compared with 1940.

TAXES:

During the year tax accruals, including railroad pension and unemployment taxes, amounted to $11,900,410, an increase of $3,202,778, or 36.82% over 1940.

Federal railroad retirement and unemployment insurance taxes increased $427,200 and other federal taxes, including income taxes, increased $2,426,353. State taxes increased $349,225.

Taxes accrued in 1941 equaled $6.97 per share of capital stock, while net income was $6.10 per share.

PENSIONS AND UNEMPLOYMENT INSURANCE:

In 1941 pension costs amounted to $1,662,629, divided: $1,559,353 accrued for federal pension taxes, $92,894 supplementary pensions paid, and $10,382 administrative expenses.

Accruals for federal unemployment insurance taxes during the year were $1,558,880.

RELIEF DEPARTMENT:

The annual report of the Relief Department (copy available on request) shows payments from the Relief Fund of $576,668 in disability and death benefits during the year.

RAILROAD CREDIT CORPORATION:

Burlington's contribution to Railroad Credit Corporation, derived from increases in freight rates under Ex Parte No. 103 from January, 1932, to March, 1933, inclusive, amounted to $1,726,871. Repayments amounting to $1,467,841 have been received, of which $96,542 represented interest and $1,371,299 applied on principal. Balance of principal, due December 31, 1941, was $355,572.

BURLINGTON TRANSPORTATION COMPANY:

During the year 1941, the Bus Division operated 14.7 million bus miles over 8,035 route miles, at a net profit of $122,232, compared with a net loss in 1940 of $86,923. Operating revenues in 1941 increased $583,342, or 26.39% over 1940; operating expenses increased $330,975, or 14.39%. Federal income tax accruals were $41,035 in 1941 and $24 in 1940, an increase of $41,011.

The Truck Division during the year 1941 operated 5.2 million truck miles over 3,998 route miles, at a net profit of $51,265, compared with a net profit in 1940 of $96,640. Operating revenues in 1941 increased $215,073, or 22.98% over 1940; operating expenses increased $239,681, or 28.63%. Federal income tax accruals were $22,636 in 1941 and $2,019 in 1940, an increase of $20,617.

The higher operating costs in both Bus and Truck Division were due partially to increases granted during the year in minimum hourly wage rates and in fixed salaries.

GENERAL:

The President of your Company served as Transportation Member of The Advisory Commission to the Council of National Defense and of the Office of Emergency Management from May, 1940 until January, 1942, when his duties were taken over by the newly created Office of Defense Transportation. Honorable Joseph B. Eastman, Chairman of the Interstate Commerce Commission, was appointed Director of the Office of Defense Transportation, and took charge on January 1, 1942. Mr. Eastman has broad emergency powers to secure such maximum utilization of the transportation facilities of the nation as the successful prosecution of the War effort may require. Among other duties, he will determine the adequacy of transportation facilities to accommodate the increased traffic and stimulate the provision of necessary additional transport facilities and equipment.

Director Eastman has strongly advised that the railroads be permitted to build the cars and locomotives which they have ordered, among which are those of this Company. However, his recommendations have not thus far been approved by the War Production Board, and it is doubtful whether more than about sixty per cent of the equipment which Burlington proposed to construct in 1942 will be built.

Cooperating with the United States Treasury Department, Burling-

ton has made available to all employes facilities for purchase of United States Defense Bonds, Series E, through payroll deductions.

September 21, 1937, because of prevalence of infantile paralysis throughout the country and the fact that the Burlington served a wide territory in which a respirator was not at all times quickly available, Burlington purchased a so-called "Iron Lung" as an addition to its medical equipment. This was made available without cost to employes of the Company, their families, health authorities and physicians throughout Burlington territory. Since its purchase, the respirator has been used in the treatment of twenty-one cases, of which fifteen patients recovered and six failed to respond.

In 1940 the Company celebrated its ninetieth year of continuous operation and published a booklet entitled *The First Ninety Years;* a limited number of copies are still available upon request.

During 1941 the Harvard University Press published *Burlington West: A Colonization History of the Burlington Railroad,* by Richard C. Overton. It is primarily a story of the Company's land and settlement policy, but also contains a considerable amount of general corporate history. This book may be had at book stores or purchased through the Company.

1941 was the eightieth consecutive year in which Burlington paid a cash dividend. During the 91 years of its corporate existence the only years in which there is no record of dividends being paid are 1858, 1859, and 1861. It is true that in recent years, as in 1941, the dividend has been in the modest amount of $2.00 a share.

The death of Arthur Curtiss James on June 4, 1941, is recorded with deep regret. He had been a Director since 1921 and a member of the Executive Committee since 1924. Mr. James was a towering figure in national and international affairs. His interest in western railroads was one of the dominant features of his business life. Its undimmed continuance was significant of his faith in the future of the West and its people.

We also mourn the sudden death of Hinckley G. Atwood on June 27, 1941, which deprived the Company of another outstanding member of the Board of Directors. He had served with great ability since 1931. His prominent participation in the commerce of the country, and his familiarity with the problems of the people, particularly those engaged in agriculture, made him an especially appropriate and valuable Director.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT
CURRENT YEAR

Account		Additions and Betterments
Engineering	Cr.$	71,140.21
Land for transportation purposes		112,702.45
Other R. O. W. expenditures		3,531.81
Grading	Cr.	270,636.04
Tunnels and subways		4,417.71
Bridges, trestles and culverts	Cr.	54,781.50
Ties	Cr.	682,657.89
Rails	Cr.	193,840.06
Other track material		268,148.44
Ballast	Cr.	33,226.97
Track laying and surfacing	Cr.	409,659.70
Fences, snow sheds and signs	Cr.	210,328.48
Crossings and signs	Cr.	107,845.53
Station and office buildings	Cr.	587,514.35
Roadway buildings	Cr.	156,519.92
Water stations	Cr.	252,145.53
Fuel stations	Cr.	61,509.97
Shops and engine houses	Cr.	392,808.42
Storage warehouses	Cr.	279,817.38
Wharves and docks	Cr.	47,470.79
Telegraph and telephone lines		41,552.97
Signals and interlockers		158,319.20
Power plants	Cr.	29,308.13
Power transmission systems		5,040.53
Miscellaneous structures		17,364.07
Roadway machines	Cr.	82,815.35
Roadway small tools		6,806.28
Public improvements—Construction		57,070.17
Shop machinery		13,512.45
Power plant machinery		37,201.37
Total expenditures for road	Cr.$	3,198,358.77
Steam locomotives	Cr.$	160,282.14
Other locomotives		2,392,142.06
Freight-train cars		8,080,680.79
Passenger-train cars	Cr.	423,719.30
Work equipment		794,717.86
Miscellaneous equipment		15,874.16
Total expenditures for equipment		$10,699,413.43
Organization expenses	Cr.$	2.00
General officers and clerks	Cr.	86.00
Law	Cr.	43.00
Stationery and printing	Cr.	6.00
Taxes	Cr.	45.00
Interest during construction	Cr.	40,667.44
Other expenditures—General	Cr.	23.00
Total general expenditures	Cr.$	40,872.44
Grand total	$	7,460,182.22

"Cr."—Credits due to retirements.

EQUIPMENT

CLASS	Number on Dec. 31, 1940	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1941	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	1,004	.....	26	978	.....
Other locomotives	40	30	2	68	.....
Total locomotives	1,044	30	28	1,046	Lbs. 50,623
Freight-train cars—Box cars	20,816	2,718	361	23,173	.....
Flat cars	1,692	.....	237	1,455	.....
Stock cars	3,681	.....	204	3,477	.....
Gondola and Hopper (Open and closed tops)	14,412	200	46	14,566	.....
Caboose cars	571	.....	2	569	.....
Other freight-train cars	74	2	76	.....	.....
All classes of freight-train cars	41,246	2,920	926	43,240	Tons 44.12
Pass.-train cars—Coaches	373	.....	9	364	.....
Combination coach cars	52	4	2	54	.....
Parlor cars	2	.....	.....	2	.....
Dining cars	37	.....	6	31	.....
Club, lounge and observation cars	11	.....	4	7	.....
Postal cars	38	.....	6	32	.....
Baggage, express and other nonpassenger cars	278	8	3	283	.....
Total	791	12	30	773	
Passenger rail motor cars: Combination coach cars	26	.....	6	20	.....
Other passenger-train rail motor cars	18	2	.....	20	.....
Total	44	2	6	40	.....
Number of articulated Zephyr trains	6	.....	.....	6	.....
Cars in articulated trains:‡ Coaches	8	.....	.....	8	.....
Combination coach cars	12	.....	.....	12	.....
Parlor and sleeping cars	16	.....	.....	16	.....
Other passenger-train cars	10	.....	.....	10	.....
Total	46	.....	.....	46	.....
All classes of pass.-train cars	881	14	36	859	.....
Company service equipment: Officers' and business cars	15	.....	1	14	.....
Ballast cars	917	273	67	1,123	.....
Derrick cars	5	.....	1	4	.....
Steam shovels	5	.....	2	3	.....
Wrecking cars	18	.....	.....	18	.....
Other company service cars	2,359	366	111	2,614	.....
All classes of Co. service cars	3,319	639	182	3,776	.....
All classes of cars in service	45,446	3,573	1,144	47,875	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1940	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1941
Freight-refrigerator cars*	1,685	.....	11	1,674
Freight-Stock cars†	.....	200	.....	200
Passenger-refrigerator cars*	30	.....	.....	30
Zephyr train No. 9901 cars#	4	.....	.....	4

‡10 cars not articulated.
*Leased to Burlington Refrigerator Express Company.
†Leased to Fort Worth and Denver City Railway Company.
#Leased to Burlington-Rock Island Railroad Company.

GENERAL BALANCE SHEET

December 31, 1941

ASSETS

Investments:		
Road and equipment property		$615,831,139.68
Improvements on leased property		105,740.08
Deposits in lieu of mortgaged property sold		46,818.28
Miscellaneous physical property		6,407,028.86
Investments in affiliated companies:		
Stocks	$26,555,643.95	
Notes	2,584,306.35	
Advances	8,212,765.68	
		37,352,715.98
Other investments:		
Stocks	$ 3,737,151.14	
Bonds	225,900.00	
Notes	117,695.78	
Advances	825.00	
Miscellaneous	60,113.00	
		4,141,684.92
Total investments (capital assets)		$663,885,127.80
Current assets:		
Cash	$13,664,186.15	
Temporary cash investments	4,407,032.81	
Special deposits	9,965,123.82	
Loans and bills receivable	3,863.60	
Traffic and car-service balances—Net	81,709.65	
Net balance receivable from agents and conductors	1,668,464.53	
Miscellaneous accounts receivable	4,360,958.51	
Material and supplies	12,012,536.98	
Interest and dividends receivable	11,469.22	
Rents receivable	22,436.00	
Other current assets	183,866.75	
Total current assets		46,381,648.02
Deferred assets:		
Working fund advances	$ 36,689.22	
Other deferred assets	578,187.83	
Total deferred assets		614,877.05
Unadjusted debits:		
Insurance premiums paid in advance	$ 65,310.78	
Discount on funded debt	3,694,565.46	
Other unadjusted debits	2,315,666.39	
Total unadjusted debits		6,075,542.63
Grand total		$716,957,195.50

GENERAL BALANCE SHEET

December 31, 1941

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Governmental Grants:		
Grants in aid of construction		1,231,857.52
Long-term debt:		
Funded debt unmatured:		
Illinois Division Mortgage 3½'s	$ 50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
General Mortgage 4's	93,414,000.00	
First & Refunding Mortgage Series "A" 5's	40,000,000.00	
First and Refunding Mortgage Series "B" 4½'s	30,000,000.00	
First & Refunding Mortgage Series "C" 5's	9,430,000.00	
Equipment Trust Certificates of 1936, 2½'s	1,975,000.00	
Equipment Trust Certificates of 1937, 2½'s	2,190,000.00	
Equipment Trust Certificates of 1941, 1½'s	9,387,000.00	
Serial Collateral Trust Notes, 2¼'s	3,500,000.00	
Total issued	$274,896,000.00	
Less held by or for the company	38,647,000.00	
Total long-term debt outstanding		236,249,000.00
Current liabilities:		
Audited accounts and wages payable	$ 7,651,886.71	
Miscellaneous accounts payable	260,366.68	
Interest matured unpaid	973,534.54	
Unmatured interest accrued	2,368,652.54	
Accrued tax liability	8,169,533.43	
Other current liabilities	536,830.24	
Total current liabilities		19,960,804.14
Deferred liabilities:		
Other deferred liabilities		15,695,605.66
Unadjusted credits:		
Premium on funded debt	$ 69,174.97	
Insurance and casualty reserves	1,392,996.20	
Accrued depreciation—Road	5,609.01	
Accrued depreciation—Equipment	84,800,003.40	
Other unadjusted credits	3,401,716.08	
Total unadjusted credits		89,669,499.66
Corporate surplus:		
Additions to property through income and surplus	$ 919,564.59	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	138,346,986.98	
Total corporate surplus		183,311,328.52
Grand total		$716,957,195.50

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	2%	Dec. 29	$3,416,774.00
MORTGAGE BONDS									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	$ 50,835,000	$ 50,835,000	$ 661,000	$ 50,174,000	3½	J. & J.	$1,763,121.60
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000	.....	40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	200,000	29,800,000	4½	F. & A.	1,341,000.00
Series C	Feb. 1, 1938	Feb. 1, 1948	15,000,000	9,430,000	‡ 9,430,000	.....	5	F. & A.	.....
Total	.....	.....	$263,414,000	$257,844,000	$ 38,647,000	$219,197,000	.....	.....	$9,073,041.60
SERIAL COLLATERAL TRUST NOTES	Dec. 1, 1936	$700,000 Dec. 1 each year to 1946	$ 7,000,000	$ 3,500,000	.....	$ 3,500,000	2¼	J. & D.	$ 93,187.50
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$395,000 May 1 each year to 1946	$ 3,950,000	$ 1,975,000	.....	$ 1,975,000	2½	M. & N.	$ 52,666.66
Equipment Trust of 1937	Oct. 1, 1937	$365,000 Oct. 1 each year to 1947	$ 3,650,000	$ 2,190,000	.....	$ 2,190,000	2½	A. & O.	$ 61,593.75
Equipment Trust of 1941	Aug. 1, 1941	$1,341,000 Aug. 1 each year to 1948	$ 9,387,000	$ 9,387,000	.....	$ 9,387,000	1½	F. & A.	$ 53,975.25
Total Funded Debt	.....	.....	$287,401,000	$274,896,000	$ 38,647,000	$236,249,000			$9,334,464.76

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage, $7,873,000 bonds pledged as collateral security for Serial Collateral Trust Notes and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

‡Includes $800,000 bonds pledged as collateral security for Serial Collateral Trust Notes.

Payments on principal of Collateral Trust Notes and equipment obligations during the year amounted to $1,460,000.

EQUIPMENT CONDITIONAL SALE CONTRACTS OF CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

	Date of Issue	Payments of Principal Due	Total Purchase Price	Payment on Delivery	Deferred Payments	Actually Out-standing	Interest		
							Rate	When Payable	Interest Accrued During Year
National Bank of Detroit.....	Apr. 29, 1940	1st each month to Nov. 1948	$ 592,806	.....	$ 592,806	$ 498,028	1¾%	1st of each month	$ 10,079.88
Harris Trust and Savings Bank, Chicago, Trustee-Owner	Aug. 28, 1940	Quarterly Mar. 1, June 1, Sept. 1 and Dec. 1 to Sept. 1950	2,713,626	$269,509	2,444,117	2,248,781	2¼	1st of each quarter	50,066.53
National Bank of Detroit.....	Dec. 19, 1940	1st each month to Feb. 1951	2,277,453	.....	2,277,453	2,101,470	1⅝	1st of each month	32,616.50
Manufacturers Trust Co..... New York	Feb. 28, 1941	19th of each month to May 1951	849,295	34,197	815,098	768,588	2	19th of each month	6,934.16
The Northern Trust Co. Chicago and S. A. Weaver Co-Trustees-Owners	Mar. 8, 1941	1st of each month to Dec. 1949	5,713,900	571,390	5,142,510	5,142,510	1¾	1st of each month	25,882.39
*First National Bank of Chicago	May 1, 1941	Quarterly Feb. 1, May 1, Aug. 1 and Nov. 1 to May 1948	5,916,598	511,650	5,404,948	4,550,000	2	1st of each quarter	104,599.23
Total Conditional Sale Contracts.....	.....	.....	.....	.....	.....	$15,309,377			$230,178.69

Payments of principal on contracts during the year amounted to $974,000.

Conditional Sale Contracts are included in balance sheet account "Other Deferred Liabilities."

*Consolidation in 1941 of seven separate contracts entered into prior to 1941, with reduction in interest rates from 2⅜% and 2¾% to 2%.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$236,249,000
Nominally outstanding, held for or by the company	38,647,000
	$274,896,000

Illinois Division Mortgage

This mortgage is a first lien on 1,600.79 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and certain points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

$275,000 3½% bonds reacquired during year and held by the company.

General Mortgage

This mortgage is a lien on 7,976.95 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	7,976.95
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,600.79

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No provision in mortgage for redemption of bonds.

No Change in Amount Outstanding During Year

First and Refunding Mortgage

This mortgage is a lien on 8,460.03 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

	Miles
The Mortgage covers	8,460.03
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage	1,600.79
Of the General Mortgage only	6,376.16

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the Company on sixty days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

Series C bonds dated February 1, 1938, due February 1, 1948, issued and pledged as collateral for a short term bank loan and additional collateral under the Serial Collateral Trust Notes. $8,630,000 have been released from pledge and are now held in Company's Treasury.

No Change in Amount Outstanding During Year

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado	395.46	.47	.....	.....	168.94	564.87
Illinois	1,616.44	388.93	40.89	5.43	1,050.24	3,101.93
Iowa	1,154.81	249.62	.....	.....	307.06	1,711.49
Kansas	221.91	.....	.....	.....	25.57	247.48
Minnesota	23.09	2.71	.....	.....	38.19	63.99
Missouri	1,183.68	112.82	.....	.....	396.72	1,693.22
Montana	134.36	.....	.....	.....	47.92	182.28
Nebraska	2,760.55	29.53	.....	.....	787.02	3,577.10
South Dakota	174.62	.....	.....	.....	55.38	230.00
Wisconsin	220.25	212.85	.....	.....	64.99	498.09
Wyoming	677.78	.....	.....	.....	222.61	900.39
Total	8,562.95	996.93	40.89	5.43	3,164.64	12,770.84
Operated under lease or contract	537.80	125.72	.76	.76	408.89	1,073.93
Grand Total	9,100.75	1,122.65	41.65	6.19	3,573.53	13,844.77

*Includes yard tracks and sidings owned but not operated as follows: Colorado .60 mile, Illinois 1.10 miles, Iowa .71 mile, total 2.41.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1941	1940	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$ 94,874,258.93	$ 78,198,344.31	$ 16,675,914.62	
Passenger	10,697,249.84	8,964,197.33	1,733,052.51	
Baggage	29,136.58	25,839.62	3,296.96	
Parlor and chair car	61,060.81	47,128.51	13,932.30	
Mail	4,703,751.25	4,305,829.95	397,921.30	
Express	1,770,275.02	1,573,992.96	196,282.06	
Other passenger-train	98,942.65	113,154.26		$ 14,211.61
Milk	188,038.48	177,509.26	10,529.22	
Switching	2,472,489.53	2,119,019.76	353,469.77	
Total	$ 114,895,203.09	$ 95,525,015.96	$ 19,370,187.13	
INCIDENTAL:				
Dining and buffet	$ 697,571.95	$ 574,623.72	$ 122,948.23	
Hotel and restaurant	67,894.01	59,756.02	8,137.99	
Station and train privileges	29,954.41	21,278.34	8,676.07	
Parcel room	795.85	866.30		$ 70.45
Storage—Freight	13,230.65	11,627.28	1,603.37	
Storage—Baggage	2,291.58	1,837.05	454.53	
Demurrage	257,547.59	125,010.17	132,537.42	
Telegraph and telephone	148,769.00	139,208.12	9,560.88	
Stockyard	169,862.17	160,202.93	9,659.24	
Power	83,963.37	72,560.13	11,403.24	
Rents of buildings and other property	216,208.96	210,660.06	5,548.90	
Miscellaneous	439,845.22	324,151.39	115,693.83	
Total	$ 2,127,934.76	$ 1,701,781.51	$ 426,153.25	
Joint facility—Cr.	$ 505,009.17	$ 410,110.81	$ 94,898.36	
Joint facility—Dr.	Dr. 6,791.73	Dr. 5,666.15		$ 1,125.58
Total	$ 498,217.44	$ 404,444.66	$ 93,772.78	
Total railway operating revenues	$ 117,521,355.29	$ 97,631,242.13	$ 19,890,113.16	

RAILWAY OPERATING EXPENSES—				
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 1,172,708.91	$ 1,120,023.38	$ 52,685.53	
Roadway maintenance	947,136.29	708,644.17	238,492.12	
Tunnels and subways	12,789.75	9,454.12	3,335.63	
Bridges, trestles and culverts	588,364.08	458,644.27	129,719.81	
Ties	3,063,032.80	2,481,483.96	581,548.84	
Rails	677,937.03	620,094.06	57,842.97	
Other track material	1,393,195.97	1,291,365.61	101,830.36	
Ballast	324,155.95	337,476.81		$ 13,320.86
Track laying and surfacing	4,367,527.32	2,938,416.20	1,429,111.12	
Fences, snow sheds and signs	204,535.70	136,766.76	67,768.94	
Station and office buildings	604,215.63	440,513.37	163,702.26	
Roadway buildings	105,197.08	83,516.83	21,680.25	
Water stations	195,319.99	191,466.05	3,853.94	
Fuel stations	127,004.16	90,506.78	36,497.38	
Shops and engine houses	576,296.98	500,494.34	75,802.64	
Wharves and docks	5,771.53	237.45	5,534.08	
Telegraph and telephone lines	88,265.71	25,644.09	62,621.62	
Signals and interlockers	590,429.50	596,869.84		6,440.34
Power plants	9,361.76	7,198.73	2,163.03	
Power-transmission systems	41,432.15	27,789.82	13,642.33	
Miscellaneous structures	22,640.93	17,759.84	4,881.09	
Roadway machines	323,834.05	210,102.16	113,731.89	
Small tools and supplies	225,526.50	147,998.78	77,527.72	
Removing snow, ice and sand	125,942.69	265,857.16		139,914.47
Public improvements—Maintenance	224,412.40	144,650.85	79,761.55	
Injuries to persons	88,339.96	118,165.45		29,825.49
Insurance	14,818.99	21,862.31		7,043.32
Stationery and printing	20,104.58	18,076.49	2,028.09	
Other expenses	11,253.80*	1,915.13	9,338.67	

*Includes $5,609.01 Amortization of Defense Projects—Road

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1941	1940	Increase	Decrease
Maintaining joint tracks, yards and other facilities–Dr.	$ 1,043,856.67	$ 554,090.43	$ 489,766.24	.....
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 237,400.58	Cr. 216,204.43	.....	$ 21,196.15
Right-of-way expenses	1,385.92	2,397.81	.....	1,011.89
Total	$ 16,959,394.20	$ 13,353,278.62	$ 3,606,115.58	.....
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 680,756.60	$ 649,849.98	$ 30,906.62	.....
Shop machinery	552,781.09	407,004.06	145,777.03	.....
Power-plant machinery	80,364.93	73,451.26	6,913.67	.....
Steam locomotives —Repairs	5,091,235.08	4,185,836.11	905,398.97	.....
Other locomotives —Repairs	472,820.47	355,745.46	117,075.01	.....
Freight-train cars —Repairs	4,805,132.87	3,564,779.25	1,240,353.62	.....
Passenger-train cars —Repairs	1,683,262.55	1,535,371.71	147,890.84	.....
Work equipment —Repairs	498,826.38	332,331.84	166,494.54	.....
Miscellaneous equipment —Repairs	9,314.71	8,361.48	953.23	.....
Injuries to persons	93,666.51	85,461.37	8,205.14	.....
Insurance	58,820.21	73,126.20	.....	$ 14,305.99
Stationery and printing	12,900.03	11,522.14	1,377.89	.....
Other expenses	299,047.89*	2,061.19	296,986.70	.....
Maintaining joint equipment —Dr.	256,825.41	164,508.50	92,316.91	.....
Maintaining joint equipment —Cr.	Cr. 30,691.36	Cr. 9,996.09	.....	20,695.27
Total	$ 14,565,063.37	$ 11,439,414.46	$ 3,125,648.91	.....
Equipment —Retirements	$ 11,799.93	$ 13,725.35	.....	$ 1,925.42
Equipment —Depreciation	5,239,668.01	5,330,548.56	.....	90,880.55
Total	$ 5,251,467.94	$ 5,344,273.91	.....	$ 92,805.97
Total	$ 19,816,531.31	$ 16,783,688.37	$ 3,032,842.94	.....

*Includes $291,859.14 Amortization of Defense Projects—Equipment.

TRAFFIC				
Superintendence	$ 837,776.69	$ 836,230.54	$ 1,546.15	
Outside agencies	1,426,134.14	1,337,823.90	88,310.24	
Advertising	420,795.22	447,263.88		$ 26,468.66
Traffic associations	78,212.86	67,343.53	10,869.33	
Industrial and immigration bureaus	37,519.31	33,627.78	3,891.53	
Insurance	430.69	449.32		18.63
Stationery and printing	157,340.31	177,126.54		19,786.23
Other expenses	16,600.96	15,315.66	1,285.30	
Total	$ 2,974,810.18	$ 2,915,181.15	$ 59,629.03	
TRANSPORTATION				
Superintendence	$ 981,100.87	$ 860,317.45	$ 120,783.42	
Dispatching trains	543,812.47	529,226.28	14,586.19	
Station employes	5,664,207.95	5,077,428.29	586,779.66	
Weighing, inspection and demurrage bureaus	164,259.39	157,513.49	6,745.90	
Station supplies and expenses	351,957.65	341,819.86	10,137.79	
Yardmasters and yard clerks	873,179.33	822,947.51	50,231.82	
Yard conductors and brakemen	3,037,768.72	2,592,734.39	445,034.33	
Yard switch and signal tenders	166,080.56	130,721.93	35,358.63	
Yard enginemen	1,489,543.95	1,580,168.61		$ 90,624.66
Yard motormen	540,990.25	275,880.77	265,109.48	
Yard switching fuel	627,298.77	599,166.36	28,132.41	
Water for yard locomotives	98,354.93	89,074.00	9,280.93	
Lubricants for yard locomotives	33,616.66	25,875.18	7,741.48	
Other supplies for yard locomotives	30,539.23	23,847.10	6,692.13	
Engine-house expenses—Yard	319,560.66	293,737.48	25,823.18	
Yard supplies and expenses	61,653.95	52,449.09	9,204.86	
Operating joint yards and terminals—Dr	1,885,509.91	1,643,608.10	241,901.81	
Operating joint yards and terminals—Cr	Cr. 208,404.13	Cr. 151,679.28		56,724.85
Train enginemen	4,506,504.22	4,040,915.06	465,589.16	
Train motormen	692,924.95	564,710.60	128,214.35	
Train fuel	4,996,081.98	4,416,671.73	579,410.25	
Water for train locomotives	427,845.79	401,003.35	26,842.44	
Lubricants for train locomotives	191,953.80	156,610.51	35,343.29	
Other supplies for train locomotives	75,358.85	76,903.43		1,544.58
Engine-house expenses—Train	1,008,506.92	896,385.96	112,120.96	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1941	1940	Increase	Decrease
Trainmen	$ 5,896,772.84	$ 5,217,543.21	$ 679,229.63	
Train supplies and expenses	2,311,584.92	2,019,206.68	292,378.24	
Signal and interlocker operation	417,767.50	432,775.23		$ 15,007.73
Crossing protection	345,941.55	310,662.24	35,279.31	
Drawbridge operation	18,293.35	16,563.48	1,729.87	
Telegraph and telephone operation	348,390.71	330,238.14	18,152.57	
Stationery and printing	161,219.96	129,026.78	32,193.18	
Other expenses	275,322.53	209,249.51	66,073.02	
Operating joint tracks and facilities—Dr.	355,141.13	333,237.13	21,904.00	
Operating joint tracks and facilities—Cr.	Cr. 210,914.46	Cr. 193,829.84		17,084.62
Insurance	16,232.99	13,647.87	2,585.12	
Clearing wrecks	48,489.00	31,659.57	16,829.43	
Damage to property	61,598.90	81,319.06		19,720.16
Damage to live stock on right-of-way	69,285.79	58,052.14	11,233.65	
Loss and damage—Freight	456,783.78	440,819.26	15,964.52	
Loss and damage—Baggage	2,505.90	1,055.94	1,449.96	
Injuries to persons	392,261.78	348,159.55	44,102.23	
Total	$ 39,526,885.80	$ 35,277,423.20	$ 4,249,462.60	
Miscellaneous Operations				
Dining and buffet service	$ 1,135,045.97	$ 947,531.33	$ 187,514.64	
Hotels and restaurants	66,885.27	62,788.47	4,096.80	
Stockyards	150,456.04	134,873.76	15,582.28	
Producing power sold	38,603.87	38,549.66	54.21	
Total	$ 1,390,991.15	$ 1,183,743.22	$ 207,247.93	
General				
Salaries and expenses of general officers	$ 238,855.26	$ 242,056.70		$ 3,201.44
Salaries and expenses of clerks and attendants	1,661,453.18	1,592,908.80	$ 68,544.38	
General office supplies and expenses	86,335.21	81,758.74	4,576.47	
Law expenses	196,388.95	208,952.65		12,563.70
Insurance	1,294.80	818.74	476.06	
Relief department expenses	52,916.37	64,547.05		11,630.68

GENERAL—Cont.				
Pensions	$ 103,276.16	$ 100,487.94	$ 2,788.22	
Stationery and printing	58,832.03	53,328.71	5,503.32	
Valuation expenses	3,106.93	4,408.10		$ 1,301.17
Other expenses	150,118.16	130,396.33	19,721.83	
General joint facilities —Dr	69,367.94	60,713.72	8,654.22	
General joint facilities —Cr	Cr. 210.56	Cr. 220.60	10.04	
Total	$ 2,621,734.43	$ 2,540,156.88	$ 81,577.55	
Transportation for investment —Credit	Cr. 242,421.90	Cr. 199,598.74		$ 42,823.16
Total railway operating expenses	$83,047,925.17	$71,853,872.70	$ 11,194,052.47	
Operating Ratio	70.67	73.60		2.93
Net revenue from railway operations	$34,473,430.12	$25,777,369.43	$ 8,696,060.69	
Railway tax accruals	$11,900,409.78	$ 8,697,632.09	$ 3,202,777.69	
Railway operating income	$22,573,020.34	$17,079,737.34	$ 5,493,283.00	
RENT INCOME				
Rent from equipment	$ 388,046.49	$ 355,183.27	$ 32,863.22	
Joint facility rent income	494,956.05	542,230.92		$ 47,274.87
Total rent income	$ 883,002.54	$ 897,414.19		$ 14,411.65
RENTS PAYABLE				
Rent for equipment	$ 1,701,009.04	$ 2,308,118.61		$ 607,109.57
Joint facility rents	2,620,008.79	2,586,255.26	$ 33,753.53	
Total rents payable	$ 4,321,017.83	$ 4,894,373.87		$ 573,356.04
Net rents	Dr.$ 3,438,015.29	Dr.$ 3,996,959.68		$ 558,944.39
Net railway operating income	$19,135,005.05	$13,082,777.66	$ 6,052,227.39	

No excess profits taxes accrued or were payable for years 1941 or 1940.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31 — Cont.

	1941	1940	Increase	Decrease
Other Income				
Income from lease of road and equipment	$ 133,818.65	$ 121,509.97	$ 12,308.68	
Miscellaneous rent income	525,917.91	545,041.02		$ 19,123.11
Miscellaneous nonoperating physical property	124,932.07	94,987.84	29,944.23	
Dividend income	180,585.30	105,522.79	75,062.51	
Income from funded securities	157,042.41	153,914.13	3,128.28	
Income from unfunded securities and accounts	73,851.90	31,410.61	42,441.29	
Release of premiums on funded debt	15,529.44	11,846.72	3,682.72	
Miscellaneous income	11,444.30	6,298.65	5,145.65	
Total other income	$ 1,223,121.98	$ 1,070,531.73	$ 152,590.25	
Total income	$ 20,358,127.03	$ 14,153,309.39	$ 6,204,817.64	
Miscellaneous Deductions from Income				
Miscellaneous rents	$ 13,877.63	$ 30,776.28		$ 16,898.65
Miscellaneous tax accruals	79,780.49	65,170.34	$ 14,610.15	
Separately operated properties—Loss	28,078.24		28,078.24	
Miscellaneous income charges	6,791.07	6,347.36	443.71	
Total miscellaneous deductions	$ 128,527.43	$ 102,293.98	$ 26,233.45	
Income available for fixed charges	$ 20,229,599.60	$ 14,051,015.41	$ 6,178,584.19	
Fixed Charges				
Rent for leased roads and equipment	$ 89,478.25	$ 81,142.87	$ 8,335.38	
Interest on funded debt	9,334,464.76	9,320,917.78	13,546.98	
Interest on unfunded debt	235,443.09	104,033.95	131,409.14	
Amortization of discount on funded debt	151,071.85	152,056.94		$ 985.09
Total fixed charges	$ 9,810,457.95	$ 9,658,151.54	$ 152,306.41	
Net income	$ 10,419,141.65	$ 4,392,863.87	$ 6,026,277.78	
Dividend appropriations of income	$ 3,416,774.00	$ 3,416,774.00		
Income balance transferred to Profit and Loss	$ 7,002,367.65	$ 976,089.87	$ 6,026,277.78	

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1941	1940	INCREASE	DECREASE
DEBITS:				
Surplus appropriated for investment in physical property	$ 4,426.90	$ 17,174.71	.....	$ 12,747.81
Debits from retired road and equipment	5,173,683.37	2,022,170.26	$ 3,151,513.11	.....
Miscellaneous debits	273,785.43	354,655.37	.....	80,869.94
Credit balance carried to balance sheet	138,346,986.98	136,755,739.05	1,591,247.93	.....
	$143,798,882.68	$139,149,739.39	$ 4,649,143.29	.....
CREDITS:				
Credit balance at beginning of year	$136,755,739.05	$138,107,083.88	.....	$ 1,351,344.83
Credit balance transferred from income	7,002,367.65	976,089.87	$ 6,026,277.78	.....
Credits from retired road and equipment	Dr. 6,091.80	3,213.56	.....	9,305.36
Donations	4,426.90	17,174.71	.....	12,747.81
Miscellaneous credits	42,440.88	46,177.37	.....	3,736.49
	$143,798,882.68	$139,149,739.39	$ 4,649,143.29	.....

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